

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 4260	Department Health Care Services	Priority No.
Budget Request Name 4260-020-BCP-DP-2016-GB		Program 3960010	Subprogram

Budget Request Description
Robert F. Kennedy Farm Workers Medical Plan (SB 145)

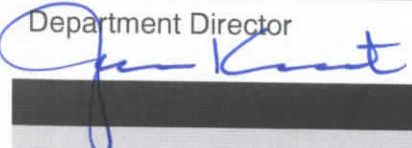
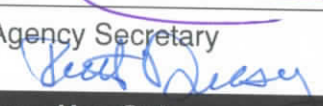
Budget Request Summary

The DHCS, Third Party Liability and Recovery Division, requests five-year limited-term funding of \$220,000 (General Fund) to implement provisions of Senate Bill (SB) 145 (Chapter 712, Statutes of 2015). Of the \$220,000, \$100,000 is requested for a one-time system upgrade. Funding is 100 percent GF because SB 145 did not provide or indicate a source of funding.

SB 145 requires DHCS to reimburse the Robert F. Kennedy Farm Workers (RFK) Medical Plan up to \$3,000,000 annually for claim payments that exceed \$70,000 on behalf of an eligible employee or dependent for a single episode of care, until January 1, 2021.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

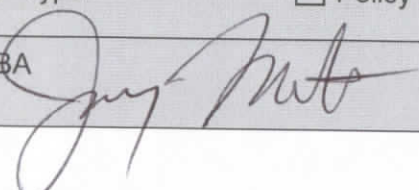
If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Department Director 	Date 1/7/16	Agency Secretary 	Date 1/7/16

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

PPBA  Date submitted to the Legislature
1-8-16

BCP Fiscal Detail Sheet

BCP Title: Robert F. Kennedy Farm Workers Medical Plan (SB 145)

DP Name: 4260-020-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	62	62	62	62	62
Total Salaries and Wages	\$0	\$62	\$62	\$62	\$62	\$62
Total Staff Benefits	0	30	30	30	30	30
Total Personal Services	\$0	\$92	\$92	\$92	\$92	\$92
Operating Expenses and Equipment						
5301 - General Expense	0	6	4	4	4	4
5302 - Printing	0	2	2	2	2	2
5304 - Communications	0	2	2	2	2	2
5322 - Training	0	1	1	1	1	1
5324 - Facilities Operation	0	9	9	9	9	9
5340 - Consulting and Professional Services - External	0	100	0	0	0	0
5344 - Consolidated Data Centers	0	1	1	1	1	1
539X - Other	0	7	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$128	\$19	\$19	\$19	\$19
Total Budget Request	\$0	\$220	\$111	\$111	\$111	\$111

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	220	111	111	111	111
Total State Operations Expenditures	\$0	\$220	\$111	\$111	\$111	\$111
Total All Funds	\$0	\$220	\$111	\$111	\$111	\$111

Program Summary

Program Funding						
3960010 - Medical Care Services (Medi-Cal)	0	220	111	111	111	111
Total All Programs	\$0	\$220	\$111	\$111	\$111	\$111

Personal Services Details

Salaries and Wages

VR00 - Various (Eff. 07-01-2016)(LT 06-30-2021)

Total Salaries and Wages

Staff Benefits

5150350 - Health Insurance

5150600 - Retirement - General

Total Staff Benefits**Total Personal Services**

CY	BY	BY+1	BY+2	BY+3	BY+4
0	62	62	62	62	62
\$0	\$62	\$62	\$62	\$62	\$62
0	15	15	15	15	15
0	15	15	15	15	15
\$0	\$30	\$30	\$30	\$30	\$30
\$0	\$92	\$92	\$92	\$92	\$92

Analysis of Problem

A. Budget Request Summary

The Department of Health Care Services (DHCS), Third Party Liability and Recovery Division (TPLRD), requests five-year limited-term funding of \$220,000 (General Fund) to implement provisions of Senate Bill (SB) 145 (Chapter 712, Statutes of 2015). An additional \$100,000 is requested for a one-time system upgrade. Funding is 100 percent GF because SB 145 did not provide or indicate a source of funding.

SB 145 requires DHCS to reimburse the Robert F. Kennedy Farm Workers (RFK) Medical Plan up to \$3,000,000 annually for claim payments that exceed \$70,000 on behalf of an eligible employee or dependent for a single episode of care, until January 1, 2021.

B. Background/History

RFK Medical Plan is a non-governmental, self-funded, self-insured health plan that is subject to collective bargaining agreements between the United Farm Workers (UFW) and multiple agricultural employers. The Affordable Care Act (ACA) bans annual and lifetime limits to plan coverage. The ACA allows for multi-employer plans with collective bargaining agreements to maintain a "grandfathered" status for some provisions, but not the annual and lifetime limits. Due to these prohibitions, RFK Medical Plan has stated that it will not be financially viable to continue without a subsidy. SB 145 requires DHCS to review claims submitted by RFK Medical Plan and reimburse the plan.

TPLRD is responsible for enabling the Medi-Cal program to comply with State and Federal laws and regulations relating to the legal liability of third parties for health care services to beneficiaries, and for taking all reasonable measures to allow the Medi-Cal program to be the payer of last resort. Functions include recouping amounts Medi-Cal has paid when a beneficiary has Medicare or other health insurance, collections from the estates of deceased beneficiaries, recouping provider overpayments, and placing liens against casualty insurance or workers' compensation settlements, judgments, or awards. In addition, TPLRD collects Working Disabled Program premiums and fees imposed on intermediate care facilities, skilled nursing facilities, and hospitals for quality assurance.

TPLRD's Special Collection and Process Innovation Section is responsible for consultative and analytical work for a wide variety of Medicaid recovery and collections programs. The Section is responsible for requesting and analyzing eligibility and service data to determine claim amounts, supporting litigation and collection activities, responding to customer inquiries, and developing new collection processes. DHCS is proposing to implement SB 145 requirements within the TPLRD; because this would be a new program, there is no workload history.

Analysis of Problem

Resource History (Dollars in thousands)

Third Party Liability Division

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	12,563	12,521	13,355	13,706	15,038
Actual Expenditures	12,563	12,360	12,942	13,611	15,038
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	199.3	198.1	184.3	184.3	183.0
Filled Positions	175.5	168.8	174.2	169.1	183.0
Vacancies	23.8	29.3	10.1	15.2	0

C. State Level Considerations

The proposal supports DHCS' mission to provide Californians with access to affordable, high quality health care. The additional funding would support the strategic commitment of "developing effective, efficient, and sustainable delivery systems." The RFK Medical Plan provides quality health services to farmworkers and their families in a cost-effective manner.

D. Justification

The enactment of SB 145 brings forth increased analytical and reimbursement responsibilities, which cannot be supported by existing staff. TPLRD requests limited-term resources to develop and administer requirements set under SB 145. This will allow DHCS to begin working on the incoming workload.

In FY 2016-17, these resources will allow the department to make the following technical changes and procedural developments including:

- Develop regulations and departmental policies
- Develop standardized correspondence and departmental procedures
- Process and review incoming correspondence
- Make recommendations to help develop and implement technical infrastructure to house and pay claims received
- Respond to inquiries via phone and e-mail from the RFK Medical Plan, stakeholders, and members
- Prepare data releases for exchange of Protected Health Information (PHI) in accordance with Health Insurance Portability and Accountability Act (HIPAA) guidelines

The department will shift from implementation related work to support and oversight beginning in FY 2017-18 to FY 2021-22 including:

- Continue to develop standardized correspondence and departmental procedures as needed
- Process and review incoming correspondence
- Review and analyze individual claims for 11,000 members (ongoing caseload), relating to a single episode

Analysis of Problem

- Calculate reimbursements
- Track and monitor fund balance
- Create and route claims and invoices for payment
- Facilitate compliance with statutory timeframes
- Advise and provide recommendations to management
- Monthly meetings of internal technical group to meet ongoing program requirements

Also in FY 2016-17, the case management system will require a one-time System Design Notice (SDN) at a cost of \$100,000 to appropriately store claims data, create invoices, and provide necessary analytics/reports. Maintaining resources until FY 2021-22 will allow TPLRD to process the final year of data which occurs beyond the sunset date of January 1, 2021, to provide reimbursement to the RFK Medical Plan. At current staffing levels, the development and administration of a new program would create a backlog on other programs within TPLRD and negatively impact the ability to adapt to increasing workloads in those programs. This may result in longer wait times for multiple stakeholders, a higher number of complaints, and potential loss of revenue due to statutes of limitations and associated litigation costs.

E. Outcomes and Accountability

Approval of this request will allow TPLRD to begin work on development and implementation processes required by SB 145.

Projected Outcome

Workload Measure	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Caseload	0	11,000	11,000	11,000	11,000	11,000

F. Analysis of All Feasible Alternatives

Alternative 1: Approve five-year limited-term expenditure authority of \$220,000 GF and one-time \$100,000 for systems upgrade to implement requirements set forth in SB 145.

Pros:

- Provides resources to implement SB 145
- Develops streamlined processes to administer the program efficiently

Con:

- Increased GF staffing costs

Alternative 2: Implement with existing staff.

Pros:

- No growth in staffing costs

Analysis of Problem

Cons:

- At current staffing levels, the development and administration of a new program will create a backlog on other programs within TPLRD
- Increased backlog of cases within TPLRD may lead to a loss of savings due to inability to process other cases timely and actively pursue collections

G. Implementation Plan

Upon approval, in FY 2016-17, DHCS will begin the process to hire 1.0 position to develop procedures, regulations, and standard correspondence, as well as being lead liaison overseeing the system upgrades.

H. Supplemental Information

Request includes one-time \$100,000 for system updates.

I. Recommendation: Alternative 1

Approve five-year limited-term expenditure authority of \$220,000 GF and one-time \$100,000 for systems upgrade to implement requirements set forth in SB 145. This alternative provides DHCS with funding for a position to begin implementing provisions of SB 145 for the RFK Medical Plan.

WORKLOAD STANDARDS**Third Party Liability Division
Special Collection and Process Innovation Section****Five-Year Limited-Term Expenditure Authority**

Activities (FY 2016-17)	Number of Items Annually	Hours per Item	Total Hours
Develop applicable regulations, statutes, codes and departmental policy to facilitate program compliance with SB 145	4	75	300
Develop standardized correspondence and departmental procedures	2	400	800
Guide development and implementation of technical infrastructure to house and pay claims. Will develop the SDN and be lead liaison with contractor.	10	4	40
Process and review incoming correspondence	5000	0.10	500
Respond to inquiries via phone and mail from the RFK Medical Plan, stakeholders, and members	600	0.20	120
Prepare data releases for exchange of PHI per HIPAA guidelines	4	10	40
Total hours worked			1800
Activities (FY 2017-18 to FY 2021-22)	Number of Items Annually	Hours per Item	Total Hours
Continue to develop and update regulations and program policies	1	40	40
Continue to develop and perfect standardized correspondence and departmental procedures	1	150	150
Review and analyze individual claims data	1850	0.25	462
Calculate reimbursements	1850	0.10	185
Create and route claims and invoices for payment	1850	0.25	462
Track, monitor, and create reports of fund balance	3	2.5	7.5
Process and review incoming correspondence	3700	0.15	555
Internal meetings (technical and procedural)	5	2	10
Total hours worked			1872

Total hours = number of items x hours per item